

North Carolina Department of Agriculture & Consumer Services

Standards Division

For FY 2012-13, the Standards Division has a budget of \$6,485,305 which is funded by appropriation, receipts, and a ¼ cent per gallon inspection tax paid on motor fuels and kerosene. The authority for the inspection tax is G.S. 119-18(a). The proceeds of this levy are applied according to G.S 119-18(b) to fund programs within the Standards Division and other state agencies.

Funding: Total Expenditures \$6,515,629

Revenues \$5,075,457 (inspection tax)

Receipts \$509,324 (license fees, penalties, carry forward)

Appropriated \$930,848

Staff: Total FTE 95 (78 of which are funded through inspection tax)

Note: A total of 5 positions funded through the inspection tax were cut in FY 2011-12, totaling \$261,701. Those funds did not benefit DOT, but rather were distributed to DENR per § 119-18. These positions are noted within the programs affected.

§ 119-18. Inspection tax and distribution of the tax proceeds.

(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is levied upon all of the fuel listed in this subsection regardless of whether the fuel is exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of the General Statutes.

(1) Motor fuel.

(2) Alternative fuel used to operate a highway vehicle.

(3) Kerosene.

(4) Jet fuel.

(5) Aviation gasoline.

(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

The Standards Division operates all or part of four programs (Motor Fuels Quality, LP-Gas Inspection, Measurement, and the Metrology Laboratory), from the inspection tax as well as funding administrative staff positions at the Division and Department levels. In the fall of FY 2010-11, the Division began budgeting at a program level, rather than at the division level. Therefore the budget for each program began with an estimate which is being refined each fiscal year.

- **The Motor Fuels Quality Section** is responsible for enforcing motor fuel quality standards (gasoline, diesel fuel, and alternative fuels), heating fuel quality standards (kerosene and fuel oil), and motor oil quality standards. This program is entirely funded through the inspection tax.

Staff:	1 program manager	1 field supervisor
	1 laboratory manager	10 field chemists (chemistry technician II)
	3 octane analysts	1 courier driver
	4 chemists	1 general utility worker
	1 processing assistant III	

Funding: Total Expenditures \$1,782,902 (inspection tax)

Note: This program lost 3 positions (octane rating analyst, chemistry technician I and chemistry technician II) in FY 2011-12, totaling \$149,248.

- **The LP - Gas Section** performs safety inspections of LP-Gas (propane) installations including bulk plants, propane dispenser locations and commercial/residential tanks; and inspects LP-Gas transportation vehicles and measuring systems. This program is also responsible for issuing LP-Gas Dealer's Licenses and approval of plans for LP-Gas bulk plants.

Staff:	1 program manager
	5 bulk plant inspectors
	3 truck/meter inspectors

Funding:	<u>Total Expenditures</u>	<u>\$567,522</u>	
	Revenues	\$561,227	(inspection tax)
	Receipts	\$6,295	(civil penalties)

Efficiencies: This program has recently gone to a web-based inspection database, reducing the use of paper forms. It automatically assigns the next inspection, based on any violations that may have been found. In addition, the database is integrated with the processes of tracking violations, assessing and generating warning letters or civil penalties, generating settlement letters, generating receipt of payment letters and receipt transmittals. Communication has improved with staff as they now have email accounts.

- **The Measurement Section** inspects weighing and measuring devices for accuracy (scales, scanners, retail fuel dispensers, and fuel oil meters on trucks and at distribution terminals) and performs inspections of packaged goods to ensure that they contain the stated net contents. Those staff listed in **bold** are funded through the inspection tax.

Staff: 1 program manager
3 field supervisors
4 calibrators (inspect truck and terminal meters)
10 gas & oil inspectors (dedicated to retail fuel dispensers)
12 dual role inspectors (located in rural areas where they perform inspections on retail fuel dispensers and scales, packages, price scanning systems).
3 dual role inspectors
6 weights & measures inspectors (dedicated to scales, packages and price scanning systems)
2 weights and measures inspectors
4 heavy scale inspectors (vehicle, livestock and other large capacity scales)

Funding:	<u>Total Expenditures</u>	<u>\$2,473,542</u>	
	Revenues	\$1,530,124	(inspection tax)
	Receipts	\$231,558	(license fees, penalties, carry forward)
	Appropriated	\$721,045	

Note: this program lost 1 position (standards inspector I) in FY 2011-12 totaling \$55,414.

Efficiencies: A long distance truck driver position was reallocated to a heavy scale inspector position. Historically we had four 2 man teams performing these duties, which had been reduced to the point of 1 team and 2 single inspectors. Separating the last team will allow for more inspections of these type scales. This position is funded through appropriations.

The program continues to seek field computes and inspection software to reduce paper forms, capture inspection results, and reduce data entry at the office. This will also allow for better communication, through email, with the goal of reducing other paper forms, such a weekly reports, and thus reducing mailing costs to and from staff. It is possible that some of this equipment may be purchased this fiscal year, most of which would be funded through the inspection tax.

- The Standards Laboratory (Metrology Lab) performs mass, length, volume, and temperature measurement calibrations that are traceable to national standards. The laboratory supports the Measurement Section through calibration of inspectors' standards (including various weights, test measures from 5 – 1320 gallons, LP-Gas provers) used in inspections of retail and commercial devices. The Grain Moisture Meter Inspection program operates within the Standards Laboratory and is responsible for these devices as well as scales, test weights and charts used in the grain buying industry. Those staff listed in **bold** are funded through the inspection tax.

Staff:	1 program manger	1 grain moisture program supervisor
	1 metrologist II (Quality Manager)	2 grain moisture meter inspectors
	3 metrologist I	1 processing assistant III
	1 metrologist I	1 maintenance mechanic II

Funding:	<u>Total Expenditures</u>	<u>\$886,446</u>	
	Revenues	\$429,643	(inspection tax)
	Receipts	\$249,471	(license fees, calibration fees, carry forward)
	Appropriated	\$209,803	

- In addition to these programs, there are administrative costs funded by the inspection tax. At the Division level, this includes the Division Director, Admin. Assistant, 2 Processing Assistants and an Applications Analyst. These positions perform administrative tasks for the Division. For reasons of time and efficiency, expenses such as phone bills, office supplies and similar costs are paid out of the administration budget rather than the individual program budgets.

Staff (Division):	1 division director
	1 administrative assistant
	1 processing assistant IV
	1 processing assistant III
	1 business & technology applications analyst

Funding (Division):	<u>Total Expenditures</u>	<u>\$445,721</u>	
	Revenues	\$423,721	(inspection tax)
	Receipts	\$22,000	(surplus properly)

The below positions support, but not exclusively, the Standards Division. There are a number of other positions in the department that support the division that do not without receiving a portion of the inspection tax.

Staff (Department):	1 deputy secretary/commissioner II
	1 administrative officer II
	1 accountant II

Funding (Department):	<u>Total Expenditures</u>	<u>\$347,840</u>	(inspection tax)
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Note: the salary and benefits for 1 position (executive assistant I) was cut from this group in FY 2011-12, totaling \$57,039.

North Carolina Department of Agriculture & Consumer Services

Standards Division

Fund 1160 Explanations – Program Statistics for FY 2011-2012

These statistics serve as a sample for each program and represent a majority of the workload for the programs. I would note that each inspection program also responds to all complaints or requests that fall within their area of responsibility.

Motor Fuel Quality

- Gasoline, diesel, kerosene and oil samples tested at lab 21,899 failure rate 3.45%
- Gasoline, diesel and kerosene samples tested in the field 8,749 failure rate 4.97%
 - Field failure rate gone from 2% in FY 2006-07 to 9% in 2009-10 largely due to increased use of ethanol throughout the state. Water in storage tanks can cause phase separation (water/ethanol layer separate from gasoline). Inspectors now check tanks at each location selling ethanol fuels to determine if phase separation has occurred. It is often found before it is a problem at the pump. Education of the retail outlets and fuel suppliers has caused that number to fall to about 5% in 2011-12.
- Total number of determinations (lab and field) 112,910
- Complaints investigated 268
- Visits 8,641

LP-Gas Inspections

- Bulk Plant inspections 1473
- Truck/meter inspections 1048
- Dispensing sites inspected 970
- Inspections are also conducted on smaller tanks in residential, business and industrial use.

	2005	2010
Number bulk plants	1305	1325
Number of trucks	1660	1150

Measurement Section

- Retail Motor Fuel Dispensers inspected 104,666 failure rate 9.20%
- Large Fuel Meters (trucks, terminals) 4,349 failure rate 13.3%
- Scales inspected (all capacities) 30,338 failure rate 8.91%
- Total visits 17,382

	1992	2000	2005	2010
Number of Stations	9760	7493	7171	6528
Number of Nozzles	75,508	96,244	114,925	121,059

Standards Laboratory

- Total weights calibrated 20,719
- 5 gal. test measures calibrated 399
 - These measures are use by licensed Petroleum Device Technicians to calibrate retail motor fuel dispensers.

DENR Testing

The Division receives \$90,000 per year from DENR Division of Air Quality (DAQ) for doing equipment inspection checklists retail fuel locations with underground storage tanks. The form is preprinted by DAQ, with Standards Division personnel noting what vapor recovery equipment is on the site. This is done after inspection of the fuel dispensers is completed for that location. Forms are returned to DAQ when inspections in the county are complete.